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C. REMARKS**1. Summary**

Claims 1-6, 8-18, 20-30, and 32-36 are currently pending in this application and stand rejected. Claims 1, 10, and 17 are independent claims. Claims 8, 20, and 32 have been amended to correct a claim objection noted in the Final Office Action (page 2, paragraph 3). No claims have been added or cancelled.

2. Claim Objections

Claims 8, 20, and 32 were objected to for depending upon cancelled claims. These claims have been amended to depend upon the respective independent claims. Applicant respectfully requests that these amendments, required by the Office Action, be entered.

3. Drawings

In Applicant's first response, filed July 14, 2003, Applicant respectfully requested that the Examiner indicate whether the formal drawings that were submitted with the application were accepted by the Examiner. Despite Applicant's request, an indication as to whether the drawings are accepted has still not been made in the latest Office Action.

4. Claim Rejections – 35 U.S.C. § 112

Claims 1-6, 8-18, 20-30, and 32-36 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Applicant respectfully traverses the rejection. As explained below, the rejection under § 112 clearly shows that the Examiner does not understand Applicant's invention even after discussing the subject matter with Applicant's attorney during an Examiner interview.

The rejection states that the Applicant recites storing digital works on a nonvolatile storage device and transferred to the merchant compute system by the third party logging server. The Office Action states that this is not possible because "according to the claims, the third party

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logging server never accesses the digital work stored by the non-volatile storage device, and therefore, cannot provide the digital work to the merchant.”

Applicant claims a system and method where the third party logging server receives digital works from providers, stores the works on a nonvolatile storage device accessible from the third party logging server, receives requests for works from merchant computers, retrieves the requested works from the nonvolatile storage, and transmits the works back to the merchant. The fact that Applicant’s system stores works on its nonvolatile storage distinguished Applicant’s claims from U.S. Patent No. 6,363,357 to Rosenberg et al. (hereinafter “Rosenberg”). This facet of Applicant’s invention was discussed at length with the Examiner during the Examiner Interview conducted with Applicant’s attorney. Moreover, in the summary of the Examiner Interview, set forth in Applicant’s response to the first office action (filed on July 14, 2003), Applicant’s attorney summarized part of the interview as follows:

“In particular, as discussed with the Examiner, Rosenberg does not teach uploading works from providers, such as authors, to a third party broker. In addition, in sharp contrast to Applicant’s claimed invention, Rosenberg does not teach storing content on the broker’s computer system.” (emphasis in original)

The first Office Action made the contention that Rosenberg’s “broker” computer system served a similar purpose as Applicant’s third party logging server. It appears that the Examiner, in asserting the rejection under 35 U.S.C. § 112, was actually applying Applicant’s claims to the teachings of Rosenberg because, as described above and as clearly shown in Rosenberg, the Rosenberg reference does not teach storing the works on the broker’s computer system as Rosenberg is directed towards a system for allowing online buyers to register with multiple merchants and addresses problems of selling low cost items over the Internet using credit cards due to credit card fees.

In light of the gross mischaracterization of Applicant’s claims as well as the Examiner’s complete lack of understanding regarding Applicant’s claimed invention, Applicant’s respectfully request that the Final Office Action be withdrawn and that Applicant’s claims be properly examined. In particular, the rejection under § 112 clearly appears to improperly apply

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Applicant's claims to the teachings of Rosenberg rather than apply Applicant's claims to Applicant's specification and drawings.

5. Claim Rejections – 35 U.S.C. § 102

Claims 1, 9, 10, 13, 21, 22, 25, 33, and 34 stand rejected under 35 U.S.C. § 102(b) as being unpatentable over U.S. Patent No. 5,659,742 entitled "Method for Storing Multi-Media Information in an Information Retrieval System" to Beattie et al. (hereinafter "Beattie"). Applicants respectfully traverse the rejections..

A claim is anticipated under 35 U.S.C. § 102 only if each and every claim element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference. *Verdegaal Bros. v. Union Oil Co. of Calif.*, 2, USPQ2d 1051, 1053 (Fed. Cir. 1987); MPEP 2131. Furthermore, anticipation requires the presence of a single prior art reference disclosure of each and every element of the claimed invention, as arranged in the claim. *W.L. Gore & Assoc. v. Garlock*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983). Using these standards, Applicants respectfully submit that the cited art fails to disclose each and every element of the currently pending claims. Below, Applicants describe in more detail important distinctions between Applicants' claimed invention and the reference cited in the Office Action. These distinction clearly show that Applicant's claimed invention is not anticipated by Beattie.

In each independent claim, Applicant claims the limitations of:

assigning one or more product identifiers to digital works received from one or more providers, each product identifier corresponding to one of the digital works;
storing the received digital works on a nonvolatile storage device accessible from the third party logging server;
receiving, over a computer network, a product sale identifier from a merchant computer, the product sale identifier corresponding with one of the digital works;
transmitting the requested digital work from the third party logging server to the merchant computer through the computer network; and
storing a sales record in response to receiving the product sale identifier.

The Office Action contends that Beattie teaches each of the limitations claimed by Applicant. Upon closer inspection of Beattie, however, it is clear that Beattie does not teach or

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suggest Applicant's claimed limitations. Therefore, as explained in detail below, Applicant's claimed invention is not anticipated by Beattie.

The Office Action asserts that Beattie teaches Applicant's receiving, assigning, storing, receiving, and transmitting steps citing the abstract, Figures 1-3, 4A, and 5A, and column 12, line 65 – column 13, line 28, column 19, line 65 – column 20, line 22, column 26, lines 26 – 63, and column 35, line 57 – column 36, line 13. Beattie's primary focus, however, is providing a searching/retrieval system that can query a library and database and return results that can include both text and multi-media components (col. 2, lines 57-67). Interestingly, while Applicant's claimed invention is limited to receiving requests from merchant computers (which are defined by Applicant as computers adapted to sell electronic works to users), Beattie never mentions merchants or merchant computers. This is because Beattie is focused on providing responsive data to online customers, or users. Beattie does not teach or suggest the third party logging server functions, claimed by Applicant, that link providers of electronic copyrighted works to merchants that are adapted to sell such works to online users.

In Figure 1, Beattie shows a user computer (not a merchant computer), connecting to a data center (110) that provides a session server, a query server, and a database. The data center is shown receiving information from a plurality of publishers. Figure 2 is a high level flowchart showing a user (not a merchant), using "natural language" query syntax to request documents that are returned from the document database. Figure 3 is a system diagram showing how a user (not a merchant computer) interacts with the data center with session server providing enrollment and authentication services while the query server provides document preparation and accounting services. Again, Figure 3 provides no teaching or suggestion of a merchant computer. Figure 4A is a screen diagram of a browser screen provided to a user for displaying query results to the user in response to the user's natural language query. Again, the system is interacting with an end user, not with a merchant computer. Finally, Beattie's Figure 5A is a diagram of a data structure used to implement a document index database. Each of Beattie's figures cited in the Office Action, as well as the remaining Beattie reference teach a data center computer interacting with an end user to provide the end user documents. None of the figures found in Beattie teach or suggest the data center interacting with a merchant computer that, in

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turn, interacts with the end users. Beattie does not teach or suggest the third party logging server aspects claimed by Applicant. Beattie, instead, teaches a data center computer that interacts with the end users directly. In other words, Applicant claims a third party logging server that provides copyrightable (digital) works to many merchants that, in turn, can provide the works to end users. In stark contrast, Beattie simply teaches a system where end users query the data center for documents that are returned to the end user without teaching or suggesting the use of a merchant computer system to provide the works to the end users.

The fact that Beattie does not teach interaction with merchant computers is further buttressed by the sections of Beattie cited in the Office Action. In the abstract, Beattie teaches that the method taught by Beattie is an information retrieval system that processes user queries and responds with documents that include multi-media information. Beattie's abstract makes it clear that Beattie's system provides interaction between the data center that maintains searchable documents and end users that submit queries to the data center computer and retrieve documents from the data center computer.

Column 12 line 65 – column 13, line 28 of Beattie teach that the database used by the data center to provide data to end users include "associated text fields" to allow the end user to search multi-media portions of the data (i.e., descriptions of multimedia clips, description of audio files, etc.). The associated text fields described in this section of Beattie is further proof that Beattie is providing data to end user computers and does not teach or suggest providing server for establishing relationships between merchant computers and providers of copyrightable works.

Column 19, line 65 – column 20, line 22 of Beattie teach a data structure of search terms that can be searched by an end user. Beattie further teaches including a location, at the data center, of the textual document or multi-media file so that the data center can retrieve a document requested by an end user and return it to the end user's computer.

Applicant assumes that the Office Action meant to reference column 26, line 26 – column 26, line 63 (the Office Action references column/line 26/26-23 which is obviously a mistake). Assuming Applicant's assumption is correct, the cited section of Beattie describes parts of

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Figures 9 and 9A of Beattie. Figures 9 and 9A teach “document preparation” activities that include receiving documents from publishers and involves converting publisher types used by the publishers with a document type stored at the data center. While Applicant claims assigning identifiers to digital works received from providers, Applicant does not claim or describe “conversion” steps being described by Beattie. This is because Applicant is providing a third party logging server that establishes relationships between merchants and providers. On the other hand, Beattie describes a system linking providers directly to end users. As end users are typically less sophisticated than merchants, the conversion steps described by Beattie would be needed in order to facilitate communications with end users.

Finally, column 35, line 57 – column 36, line 13 describes an accounting database that is maintained by the data center for recording “subscriber” accounting information. It is quite apparent that a “subscriber” is not a merchant computer system by a review of the information maintained in Beattie’s subscriber profile. Along with innocuous data such as the subscriber’s identification number, name, address, and telephone number, Beattie also describes storing a subscribers “date of birth and gender” along with the “number of siblings of the subscriber, by gender, the occupation of the mother and father of the subscriber” as well as “favorite subjects in school, the hobbies, the extracurricular activities and the favorite magazines of the subscriber.” (col. 35, lines 41-51). Beattie further describes storing the subscriber’s “college attendance plans and possible future profession of the subscriber....” (col. 35, lines 51-54). So, indeed, not only is Beattie teaching interconnecting an end user with a data center that provides multi-media material, but Beattie is focused on a particular end user segment, namely teenagers and young adults to whom parental and school interest information would apply. In light of Beattie’s description of his “subscribers,” Applicant asserts that the “end users” and “subscribers” of Beattie are completely incongruent to the merchant computers taught and claimed by Applicant.

While the documents described in Beattie have document identification numbers similar to Applicant’s product identifiers and the documents of Beattie are stored on a nonvolatile storage, as claimed by Applicant, the similarities between the teachings of Beattie and the invention claimed by Applicant have no further commonality. In particular, Applicant claims

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receiving, over a computer network, a product sale identifier from a merchant computer, the product sale identifier corresponding with one of the digital works; transmitting the requested digital work from the third party logging server to the merchant computer through the computer network; and storing a sales record in response to receiving the product sale identifier.

The Office Action does not cite a single figure or section of Beattie to support the Examiner's contention that Beattie teaches or suggest any of the three limitations described above. The reason for this obvious omission is that, upon closer reading of Beattie, it is clear that Beattie does not teach or suggest any of these limitations.

As described above, Beattie describes a system for an end user (subscriber) to query a database that includes links to textual as well as multi-media documents. Beattie never describes receiving a product sale identifier that corresponds to a digital work as Beattie's identifiers are maintained internally in its database with the subscriber querying other fields. Therefore, Beattie does not teach subscribers transmitting the identifiers to the data center. In Applicant's claimed invention, on the other hand, the merchant computer sends the product identifier to the third party logging server to request a copy of a digital work (e.g., a digital recording). In Applicant's system, the merchant computer is likely making the request following interaction with one of the merchant's end users where the end user selected a particular recording from the merchant's web site. In response, the merchant requests the selection directly from the third party logging server by sending it the product identifier. Moreover, as explained above, Beattie does not teach or suggest receiving or sending anything to a *merchant computer*. Instead, Beattie describes interacting only with end user (subscriber) computers which are further described as belonging to teenagers and young adults. Beattie's end user computer system used by a teenager or young adult is simply not the same as Applicant's claimed "merchant computer." In his specification, Applicant describes the "merchant computer" as being a computer that interacts with a customer end user computer (see Applicant's Figure 5 and corresponding description on page 16, line 12 to page 17 line 19 of Applicant's specification for the details of this description).

Applicant next claims the limitation of "*transmitting the requested digital work from the third party logging server to the merchant computer through the computer network.*" None of the sections or figures cited in the Office Action show that Beattie teaches or suggests

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transmitting the digital work (referred to as a "document" in Beattie) to a merchant computer. Beattie only teaches transmitting documents to a "user station" (col. 20, lines 48-51) which is used by an end user "subscriber," which in turn is described as a teenager or young adult.

Finally, Applicant claims "*storing a sales record in response to receiving the product sale identifier.*" While Beattie stores accounting records corresponding to the teenage subscriber's database queries, Beattie never teaches or suggests that a "sale" has been made, nor that the sale is attributed to a merchant. Instead, Beattie teaches "incrementing an accounting record on an accounting database coupled to the session server, the accounting record representing a number of retrievals of the document by the session server." In other words, Beattie keeps track of how many times a particular document was requested, but does not store a sales record corresponding to a requested product. This is because Beattie never describes performing financial transactions. Moreover, any accounting records taught by Beattie are for keeping track of how many documents have been requested by an end user (subscriber). Applicant, on the other hand, claims storing a sales record that corresponds with a *merchant computer's* request of a digital work.

In conclusion, Beattie has nothing to do with receiving requests from merchant computers or providing digital works to such merchant computers, as taught and claimed by Applicant. Beattie's system is entirely focused on providing documents to end users (subscribers) which are further inferred that subscribers are teenagers and young adults. Beattie does not teach or describe a "sale" being made with a merchant computer and only teaches accounting records that track the number of times a particular document is requested, not the sales records taught and claimed by Applicant. Contrary to the assertions set forth in the Final Office Action, Applicant has shown that Applicant's invention, as claimed, is clearly not anticipated by Beattie. The Examiner has not satisfied the burden of rejecting Applicant's claims under 35 U.S.C. § 102. In particular, the Office Action does not indicate how each and every claim element as set forth in the claim is found, either expressly or inherently described, in the Beattie reference. Many of Applicant's elements were either ignored in the rejection with no support provided or rejected in a conclusory fashion citing large sections of Beattie. As shown above, the reliance on these sections in the rejection was misplaced as many of these sections did

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not teach anything to do with Applicant's invention and none of the sections cited in Beattie taught the last three method elements claimed by Applicant. Applicant has traversed the rejections of claims 1, 9, 10, 13, 21, 22, 25, 33, and 34 under 35 U.S.C. § 102(b). Such claims are plainly allowable. Consequently, Applicant requests the withdrawal of the rejections and the allowance of these claims.

6. Claim Rejections – 35 U.S.C. § 103

Claims 2-6, 8, 14-18, 20- 26-30, and 32 stand rejected under 35 U.S.C. § 103(a) as being obvious and, therefore, unpatentable over U.S. Patent No. 5,659,742 to Beattie et al. (hereinafter "Beattie") in light of U.S. Patent No. 6,363,357 to Rosenberg et al. (hereinafter "Rosenberg"). As an initial matter, each of these claims depends upon an allowable independent claim, as described in the preceding section, and therefore is allowable for at least the same reasons that the independent claim is allowable. Notwithstanding the allowability of these claims because they depend on allowable independent claims, Applicant respectfully traverses the rejection of these claims.

The Office Action contends that Beattie teaches receiving a royalty rate and modifying and calculating an account balance for a provider, citing column 35, line 29 – column 36, line 60, but admits that Beattie does not teach calculating an account balance for a merchant. This is because, as described above, Beattie has nothing to do with merchants. In fact, an electronic search of Beattie reveals that no form of the word "merchant" even appears in the Beattie reference.

Rosenberg does not provide a method for providers of digital works to transact business with merchants that sell the digital works, as taught and claimed by Applicant. Instead, Rosenberg addresses issues between buyers and merchants over the Internet and has little or nothing to do with the relationship between the merchants and the providers of digital content. In discussing "issues confronting electronic payment systems which must be overcome," Rosenberg teaches that the issues include (A) the ability to operate for most Internet *merchant* settings, (B) the ability to operate for most Internet *buyer* configurations, (C) privacy and security of Internet *buyer* information, (D) prevention of theft of products from the Internet *merchants*, and (E) the ability to manage encryption keys for *buyers* and *merchants*. (Rosenberg,

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col. 1, line 66 to col. 2, line 26, emphasis added). In addition, Rosenberg addresses the problem of distributing multiple copies of digital content from the merchant to a buyer, such as a corporation (col. 2, lines 27-41).

Rosenberg teaches the use of a "payment broker" that is used by merchants and buyers so that the buyers can purchase digital content from the merchant (see Rosenberg, Figure 1, col. 3, line 26 to col. 4 line 54). Rosenberg teaches that the "participants" included in Rosenberg's system include a plurality of buyers, a plurality of merchants, web site hosts, credit card companies, banks, and a payment broker (col. 3, lines 26-50). Nowhere does Rosenberg include the provider of the digital works (i.e., the author that supplied the works to the merchant) as a participant of the system, as taught and claimed by Applicant. Moreover, nowhere does Rosenberg teach the use of a "third party logging server" to connect the provider of the digital work to the merchant, as is also taught and claimed by Applicant. Instead, Rosenberg is directed to facilitating transactions between online merchants and buyers using a payment broker. Rosenberg teaches encrypting the content sent to the online buyer from the merchant with the encryption key provided to the buyer after the payment broker has successfully received the buyer's payment. In addition, Rosenberg teaches downloading the encrypted digital content concurrently with the process of receiving the buyer's payment (col. 10, lines 14-44). This is because the content is encrypted and unable to be used until the buyer receives the encryption key from the payment computer.

Rosenberg teaches the use of a "payment broker" to assist in collecting payment from online buyers on behalf of online merchants. The "payment broker" taught by Rosenberg provides an entirely different function than that provided by the "third party logging proxy server" taught and claimed by Applicant. The payment broker taught by Rosenberg facilitates transactions between merchants and buyers, not between digital content providers (e.g., authors) and merchants, as taught and claimed by Applicant. In addition, Rosenberg's "payment broker" does not store the digital content, but rather stores digital keys that unlock digital content that is sent to buyers by the merchants (see Fig. 1). Rosenberg does not teach sending the digital content to the merchants, rather Rosenberg teaches a process that takes place further downstream wherein the merchant is sending, rather than receiving, the content (col. 10, lines 14-44).

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In contrast to each of the teachings of Rosenberg and Beattie, Applicant claims a system and method whereby the third party logging proxy server, receives and stores digital content from providers of the content. Applicant further claims a system and method whereby the digital content is *transmitted to the merchant*, and does not claim the merchant sending the content to buyers, as is taught by Rosenberg. Finally, Applicant claims a system and method that records a sales record evidencing the merchant's receipt of the digital content, rather than the merchant's sale of the digital content to an online buyer, as is taught by Rosenberg.

In short, Rosenberg, taken alone or in combination with Beattie, simply does not teach the third party logging proxy server claimed by Applicant. The calculation of royalty rates in Applicant's claimed invention is dependent upon the interaction between the third party logging server, providers of digital content, and merchant computers. Beattie does not interact with merchant computers (instead, Beattie teaches database query responses that are returned to individual subscribers that are indicated as being teenagers and young adults). Rosenberg does not teach uploading documents from providers nor does Rosenberg teach that a third party logging server that stores content that is sent to merchants upon request. Rather, Rosenberg teaches a payment broker to simplify transactions between buyers and merchants. Contrary to the assertion made in the Office Action, Rosenberg *does not teach* a system for compensating content owners for the use of their works. Figure 6 of Rosenberg, cited in support of this contention, instead teaches that the *merchant* is compensated for the sale of works to buyers. No where in Rosenberg does the reference teach or suggest compensating providers for the use of the providers works. This is because Rosenberg is a payment system that provides interaction between buyers and merchants and does not teach anything to do with compensating the provider of the digital works, as taught and claimed by Applicant.

Applicant asserts that neither Beattie nor Rosenberg, taken alone or in combination with one another, teach or suggest Applicant's invention set forth in claims 2-6, 8, 14-18, 20- 26-30, and 32. In light of the foregoing, the rejection of claims 2-6, 8, 14-18, 20- 26-30, and 32 has been traversed. Applicant respectfully requests the withdrawal of the rejection of these claims

Claims 11, 12, 23, 24, 35, and 36 stand rejected under 35 U.S.C. § 103(a) as being obvious and, therefore, unpatentable over U.S. Patent No. 5,659,742 to Beattie et al. (hereinafter

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"Beattie"). Each of these claims depends upon an allowable independent claim, as described in Section 4, above, and therefore is allowable for at least the same reasons that the independent claim is allowable. Notwithstanding the allowability of these claims because they depend on allowable independent claims, Applicant respectfully traverses the rejection of these claims.

The Office Action rejects these claims simply because Beattie happens to teach using queries to search a database. Using the rationale set forth in the Office Action, no other database query claims can ever be deemed allowable, no matter what data is being searched, because someone else already taught using database queries to search a database. Interestingly, the Office Action avoids examining the particular claim limitations set forth in these claims as these limitations further show that Beattie has nothing to do with merchant computers.

Claims 11, 23, and 35 each claim the limitations of:

- receiving a merchant inquiry from one of the providers;
- searching a data store in response to the inquiry;
- preparing a search result in response to the searching; and
- returning the search result to the provider.

Claims 12, 24, and 36 depend upon Claims 11, 23, and 35, respectively, and further limit the search result to indicating whether one or more merchants are registered with the third party logging server.

Beattie does not teach or suggest a system for interconnecting merchants with providers. The Office Action does not indicate how Beattie supposedly teaches receiving a "merchant inquiry from one of the providers," searching the data store (e.g., database) in response, providing a search result, or returning the search result from the merchant inquiry back to the provider, as claimed by Applicant. Instead, the Office Action merely states that "the type of data sought and the name of the party or parties who perform the inquiry is merely descriptive, hence it would have been obvious to one of ordinary skill allow (sic: to allow) a user to query a database or databases to obtain whatever data he or she desires." Using this rationale, the Examiner could easily argue that everything is merely obvious as something had to come before. The Office Action provides no basis whatsoever for the rejection and cites no section of Beattie

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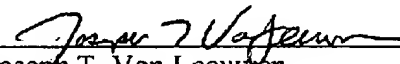
as teaching or suggesting a "merchant inquiry" is received and processed. Applicant respectfully request that the Examiner point to at least one area of Beattie in support of the rejection of Claims 11, 12, 23, 24, 35, and 36. Applicant respectfully asserts that the Examiner has not set forth a prima facie case of obviousness as required in the MPEP. Under MPEP 2143.03, all claim limitations must taught or suggested. "All words in a claim must be considered in judging the patentability of that claim against prior art." In re Wilson, 424 F. 2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). In ignoring Applicant's claimed limitations directed towards a "merchant inquiry" the Office Action admits that the Examiner failed to satisfy the burden for a case of prima facie obviousness. Therefore, the rejection of claims 11, 12, 23, 24, 35, and 36 is improper as the Examiner did not consider all words in Applicant's claim. Applicant's respectfully request that the rejection be withdrawn and that claims 11, 12, 23, 24, 35, and 36 be allowed.

Conclusion

As a result of the foregoing, it is asserted by Applicant that the remaining claims in the Application are in condition for allowance, and Applicant respectfully requests an early allowance of such claims.

Applicant respectfully request that the Examiner contact the Applicant's attorney listed below if the Examiner believes that such a discussion would be helpful in resolving any remaining questions or issues related to this Application.

Respectfully submitted,

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